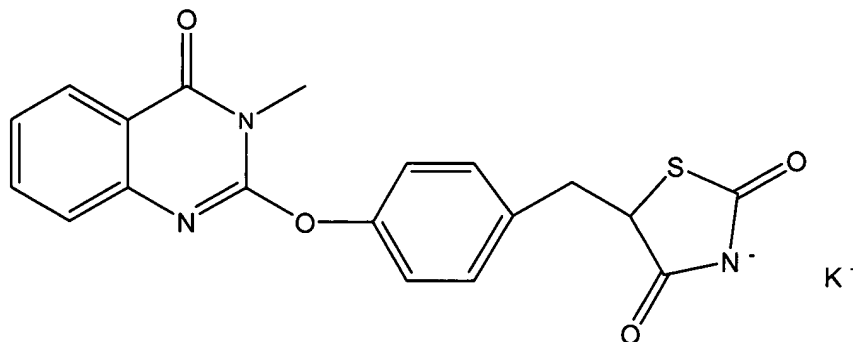


Claims of the Application

Claims 1-15 are canceled.

16. (New) A crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt, having the formula:



and having differential scanning calorimetry endotherms at 296.24 and 307.64 °C, a small exotherm at 164.23 °C, and an exotherm at 291.90°C.

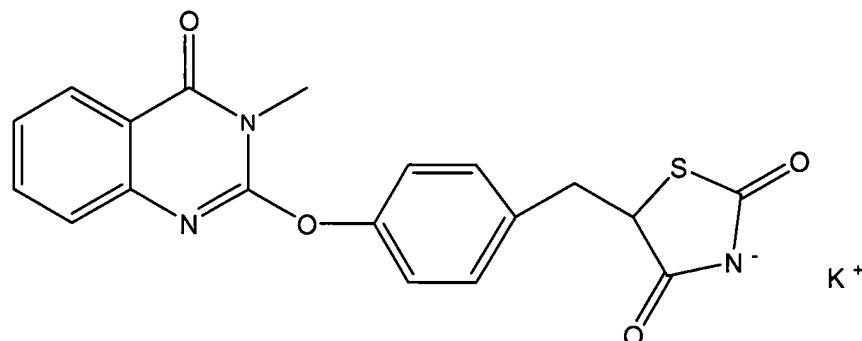
17. (New) The crystalline form of claim 16, having an infrared absorption spectrum in a potassium bromide pellet with peaks at 507.4, 564.1, 612.7, 699.7, 778.9, 810.1, 1038.9, 1223.8, 1314.2, 1426, 1466, 1510.7, 1580.9, 1667.8, and 3432.4 cm⁻¹.

18. (New) The crystalline form of claim 16, having an X-ray diffraction pattern with peaks at 2θ angles 6.20, 9.34, 12.16, 12.48, 15.06, 18.26, 18.80, 24.02, 24.46, 26.70, 27.02, 27.48, and 30.86 degrees.

19. (New) A process for preparing the crystalline form of claim 16, comprising:

- (i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione in a mixture of acetonitrile and xylene;
- (ii) at room temperature, adding potassium tertiary butoxide dissolved in methanol to the solution of step (i);
- (iii) cooling the reaction mixture to room temperature,
- (vi) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.

20. (New) A crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt, having the formula:



and having differential scanning calorimetry endotherms at 301.17 and 311.82°C, and an exotherm at 297.68°C.

21. (New) The crystalline form of claim 20, having an infrared absorption spectrum in a potassium bromide pellet with peaks at 503.9, 559.7, 609.7, 658.8, 609.7, 701.3, 772.9, 809.7, 1035.7, 1058.4, 1271.9, 1329.7, 1378.5, 1426, 1477.6, 1511.8, 1591.5, 1675.4, 1861.9, 3039.1, and 3442.9 cm^{-1} .

22. (New) The crystalline form of claim 20, having an X-ray diffraction pattern with peaks at 2θ angles 6.44, 7.42, 9.28, 10.76, 11.24, 15.06, 16.16, 18.60, 25.06, 28.42, and 30.40 degrees.

23. (New) A process for preparing the crystalline form of claim 20 comprising:

- (i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione in an organic solvent, and heating to about 60-80°C;
- (ii) at a temperature of 40-60°C, adding potassium tertiary butoxide dissolved in an organic solvent to the solution of step (i);
- (iii) cooling the reaction mixture to room temperature; and
- (iv) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.

24. (New) The process as claimed in claim 23, wherein an organic solvent is selected from methanol, a mixture of methanol and xylene, a mixture of acetone and xylene, ethanol, isopropanol, ethyl acetate, diethyl ketone, and methyl isobutyl ketone.
25. (New) A process for preparing the crystalline form of claim 20 comprising:
- (i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione in an organic solvent, at room temperature;
 - (ii) at room temperature, adding potassium tertiary butoxide dissolved in an organic solvent to the solution of step (i); and
 - (iii) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.
26. (New) The process of claim 25, wherein the organic solvent is selected from dimethylformamide, 1,4-dioxane, or a mixture of 1,4-dioxane and xylene.
27. (New) A process for preparing the crystalline form of claim 20, comprising:
- (i) dissolving 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt in dimethylsulfoxide with heating to a temperature about 50-80°C;
 - (ii) storing the solution at room temperature for about 1-8 weeks; and
 - (iii) recovering the crystalline form of 5-[4-[[3-methyl-4-oxo-3,4-dihydroquinazolin-2-yl]methoxy]benzyl]thiazolidine-2,4-dione potassium salt.
28. (New) A pharmaceutical composition comprising the crystalline form of claim 16 and a pharmaceutically acceptable carrier, diluent, excipient or solvate.
29. (New) The pharmaceutical composition of claim 28 in the form of a tablet, capsule, powder, syrup, solution, or suspension.
30. (New) A method of treating or preventing diabetes or diabetic complications, comprising administering the composition of claim 28.

31. (New) A pharmaceutical composition comprising the crystalline form of claim 20 and a pharmaceutically acceptable carrier, diluent, excipient or solvate.
32. (New) The pharmaceutical composition of claim 31 in the form of a tablet, capsule, powder, syrup, solution, or suspension.
33. (new) A method of treating or preventing diabetes or diabetic complications, comprising administering the composition of claim 31.